New foreclosure law for NPA

1692. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether the new foreclosure law will enable bank to recover only around 12 per cent of their gross non-performing assets, as over 36.4 per cent of the bad loans would remain beyond ambit of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act;

(b) if so, the fact thereof;

(c) whether the unsecured NPAs is not covered under the new law;

(d) whether secured assets against the outstanding loans below Rs. one lakh cannot be attached; and

(e) if so, what would be the percentage of NPAs and what ways and means, Government propose for their speedy recovery?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (e) Section 31 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 lists out the cases to which this Act has not been made applicable. These include loans of less than Rs. 1 lakh, loans in which security interest is created in agricultural land etc. Moreover, unsecured NPAs will also not come within the purview of this Act since it applies only to secured assets. However, even for such cases other means of recovery, such as legal action through DRT, Lok Adalats and recovery through settlement, etc. can be resorted to.

Foreclosure of UTI schemes

1693. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are planning to foreclose seven major assured returns of Unit Trust of India including the Children Growth Fund;

(b) if so, the details thereof and the reasons therefor;

(c) whether approval of the SEBI has been received for the proposed move; and

(d) by when the amounts invested in each of these schemes are proposed to be returned to the investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. 7 Assured Return Schemes, *viz.*, MIP 99, MIP 98 (V), CGGF 86, RUP-II, CGGF 99, RUP 99 and BGVMIP are being foreclosed as the returns assured under these schemes are out of alignment with returns in the market and, hence, are not sustainable.

(c) The Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) has intimated SEBI *vide* SUUTI's letter dated 25th April, 2003 about the proposed foreclosure.

(d) Investors will be paid the amount due to them at the time of foreclosure of schemes, which is likely to be during the last quarter of the calendar year 2003.

Gupta Committee recommendations

1694. DR. DASARI NARAYANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Shri R.V. Gupta Committee which examined the problems faced by borrowers in agriculture sector had made several recommendations regarding the flow of agricultural credit through banks;

(b) if so, the salient features of the recommendations of the Committee; and

(c) what action Government have taken on each of these important recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) had appointed a One-Man Committee headed by Shri R.V. Gupta, former Deputy Governor, RBI in December 1997 to identify the constraints faced by the commercial banks and suggest measures for increasing the flow of credit to agriculture, introducing new products and services and simplifying the procedures and methods to enable rural borrowers to access adequate and timely credit from the banking system. The Committee submitted its Report to RBI in April, 1998. The